QUAM LIMITED

華富國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 952)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The board of directors (the "Board" or "Directors") of Quam Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the year ended 31 March 2015, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Revenue/Turnover	4	**423,686**	406,327
Fair value gain/(loss) on financial assets measured at fair value through profit or loss		**1,086**	(283)
Other operating income and gains	5	**10,147**	9,807
Cost of services provided		**(167,248)**	(172,998)
Staff costs		**(134,146)**	(125,819)
Depreciation and amortisation expenses	7	**(6,967)**	(6,113)
Other operating expenses		**(57,965)**	(62,237)
Finance costs	6	**(25,131)**	(11,411)
Loss on disposal of an associate		**(177)**	—
Share of results of an associate		**—**	12
Share of results of joint ventures		**(2,946)**	(1,249)
Profit before income tax	7	**40,339**	36,036
Income tax expense	8	**(4,302)**	(4,434)
Profit for the year, attributable to owners of the Company		**36,037**	31,602

* *For identification purpose only*

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Other comprehensive income, including reclassification adjustments			
Item that may be reclassified subsequently to profit or loss			
— Exchange gain on translation of financial statements of foreign operations		**1,494**	180
Items that will not be reclassified subsequently to profit or loss			
— Capital reduction of financial assets measured at fair value through other comprehensive income		**—**	1,622
— Changes in fair value of financial assets measured at fair value through other comprehensive income		**6,050**	(7,364)
— Dividend from financial assets measured at fair value through other comprehensive income, which represents recovery of part of the investment cost		**—**	1,418
Other comprehensive income for the year, including reclassification adjustments and net of tax		**7,544**	(4,144)
Total comprehensive income for the year, attributable to owners of the Company		**43,581**	27,458
Earnings per share for profit attributable to owners of the Company for the year	10		
— Basic *(HK cents)*		**3.032**	2.664
— Diluted *(HK cents)*		**3.023**	2.652

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**17,126**	17,703
Goodwill		**14,695**	14,695
Development costs		**2,854**	3,619
Other intangible assets		**272**	40
Financial assets measured at fair value through other comprehensive income		**26,759**	20,709
Other financial assets measured at amortised cost		**24,144**	—
Interest in an associate		**—**	177
Interests in joint ventures		**42,447**	1,893
Other assets		**17,790**	15,436
Deferred tax assets		**445**	—
		146,532	74,272
Current assets			
Trade receivables	11	**2,131,904**	1,165,990
Loan receivables		**306**	939
Prepayments, deposits and other receivables		**17,381**	17,359
Financial assets measured at fair value through profit or loss		**9,059**	6,978
Tax recoverable		**31**	224
Trust time deposits held on behalf of clients		**345,956**	460,519
Trust bank balances held on behalf of clients		**811,316**	749,510
Cash and cash equivalents		**67,102**	162,880
		3,383,055	2,564,399
Current liabilities			
Trade payables	12	**1,884,355**	1,690,045
Borrowings		**1,050,203**	386,963
Accruals and other payables		**70,942**	173,649
Finance lease payables		**455**	572
Tax payables		**1,162**	3,212
		3,007,117	2,254,441
Net current assets		**375,938**	309,958
Total assets less current liabilities		**522,470**	384,230

	Notes	**2015**	2014
		HK$'000	*HK$'000*
Non-current liabilities			
Borrowings		**95,612**	—
Finance lease payables		**—**	455
Deferred tax liabilities		**—**	36
		95,612	491
Net assets		**426,858**	383,739
EQUITY			
Equity attributable to Company's owners			
Share capital		**4,017**	3,977
Reserves		**422,841**	379,762
Total equity		**426,858**	383,739

NOTES TO THE ANNUAL RESULTS

(For the year ended 31 March 2015)

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial statements have been prepared on the historical cost basis except for certain financial assets which are measured at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

2. ADOPTION OF NEW AND AMENDED HKFRSs

2.1 Adoption of new and amended HKFRSs

During the year, the Group has adopted all the new and amended HKFRSs which are first effective for the reporting period and relevant to the Group with the exception of the amendments to HKAS 36 "Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets", which was early adopted for the year ended 31 March 2014. Except as explained below, the adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies.

Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities, for the first time in the current year. The amendments to HKAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

2.2 New and amended HKFRSs that have been issued but are not yet effective

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been issued but are not yet effective. The Group had not adopted early any new and amended HKFRSs that are not yet effective for the year ended 31 March 2015.

Amendments to HKAS 1 — Disclosure Initiative

Amendments to HKAS 1 will be effective for accounting period beginning on or after 1 January 2016. The amendments to HKAS 1 are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements. In addition, an amendment is made to HKAS 1 to clarify the presentation of an entity's share of other comprehensive income from its equity accounted interests in associates and joint ventures. The amendment requires an entity's share of other comprehensive income to be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as single line items within those two groups.

HKFRS 9 (2014), Financial Instruments

HKFRS 9 issued in November 2009, i.e. HKFRS 9 (2009), introduced new requirements for the classification and measurement of financial assets and was early adopted by the Group on 31 March 2010. HKFRS 9 was subsequently amended in October 2010, i.e. HKFRS 9 (2010), to introduce requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013, i.e. HKFRS 9 (2013) to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in July 2014, i.e. HKFRS 9 (2014), which incorporate these previous versions of HKFRS 9 and also include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain simple debt instruments. Entities that have adopted a previous version by 31 January 2015 may continue to apply that version until the mandatory effective date of HKFRS 9 (2014) of 1 January 2018.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of financial liability that is attributable to change in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is presented in profit or loss.

In relation to the impairment of financial assets, HKFRS 9 (2014) requires an expected credit loss models, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9 (2014), greater flexibility has been introduced to the types of transaction eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide reasonable estimate of the effect of HKFRS 9 (2014) until the Group undertakes a detailed review.

HKFRS 15, Revenue from Contracts with Customers

HKFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 will be effective for accounting period beginning on or after 1 January 2017. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

3. SEGMENT INFORMATION

The executive directors have identified the Group's five service lines as operating segments.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Brokerage	Advisory	Asset management	Website management	Investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015						
Revenue						
From external customers	**312,216**	**66,374**	**26,678**	**18,418**	**—**	**423,686**
From other segments	**—**	**—**	**—**	**5,056**	**—**	**5,056**
Reportable segment revenue	**312,216**	**66,374**	**26,678**	**23,474**	**—**	**428,742**
Reportable segment result	**31,715**	**11,272**	**2,173**	**(1,548)**	**287**	**43,899**
Interest income from margin financing and money lending services	**66,854**	**—**	**—**	**—**	**—**	**66,854**
Interest income from banks and other financial assets measured at amortised cost	**5,720**	**—**	**1**	**1**	**—**	**5,722**
Depreciation and amortisation	**5,820**	**339**	**216**	**200**	**—**	**6,575**
Finance costs	**25,131**	**—**	**—**	**—**	**—**	**25,131**
Impairment of trade receivables	**12**	**1,914**	**—**	**15**	**—**	**1,941**
Share awards expense	**214**	**89**	**31**	**14**	**—**	**348**
Reportable segment assets	**3,393,838**	**31,048**	**15,498**	**3,391**	**35,818**	**3,479,593**
Additions to non-current segment assets*	**5,344**	**166**	**28**	**203**	**—**	**5,741**
Reportable segment liabilities	**3,066,027**	**12,631**	**6,870**	**7,842**	**—**	**3,093,370**

	Brokerage	Advisory	Asset management	Website management	Investments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014						
Revenue						
From external customers	297,050	57,985	30,291	21,001	—	406,327
From other segments	—	—	—	2,934	—	2,934
Reportable segment revenue	297,050	57,985	30,291	23,935	—	409,261
Reportable segment result	28,140	10,649	7,650	(3,474)	(4,649)	38,316
Interest income from margin financing and money lending services	46,559	—	—	—	—	46,559
Interest income from banks and other financial assets measured at amortised cost	3,158	—	1	4	—	3,163
Depreciation and amortisation	4,937	314	252	229	—	5,732
Finance costs	11,411	—	—	—	—	11,411
Impairment of trade receivables	1,531	15	—	40	—	1,586
Reversal of impairment of trade receivables	(2,149)	—	—	—	—	(2,149)
Share awards expense	1	(17)	(7)	(9)	—	(32)
Reportable segment assets	2,443,985	42,486	10,134	4,367	27,687	2,528,659
Additions to non-current segment assets*	5,260	137	138	198	—	5,733
Reportable segment liabilities	2,097,246	12,825	3,941	11,078	—	2,125,090

The totals presented for the Group's operating segments are reconciled to the Group's key financial figures as presented in the financial statements as follows:

	2015	2014
	HK$'000	*HK$'000*
Reportable segment revenue	**428,742**	409,261
Elimination of inter-segment revenue	**(5,056)**	(2,934)
Group's revenue	**423,686**	406,327
Reportable segment result	**43,899**	38,316
Other operating income and gains	**703**	2
Loss on disposal of an associate	**(177)**	—
Share of results of an associate	**—**	12
Share of results of joint ventures	**(2,946)**	(1,249)
Unallocated corporate expenses	**(1,140)**	(1,045)
Group's profit before income tax	**40,339**	36,036
Reportable segment assets	**3,479,593**	2,528,659
Interest in an associate	**—**	177
Interests in joint ventures	**42,447**	1,893
Unallocated corporate assets	**7,547**	107,942
Group's assets	**3,529,587**	2,638,671
Reportable segment liabilities	**3,093,370**	2,125,090
Unallocated corporate liabilities	**9,359**	129,842
Group's liabilities	**3,102,729**	2,254,932

	Reportable segment total		**Unallocated**		**Consolidated**	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other material items						
Interest income from banks and other financial assets measured at amortised cost	**5,722**	3,163	**1**	2	**5,723**	3,165
Depreciation and amortisation	**6,575**	5,732	**392**	381	**6,967**	6,113
Share awards expense	**348**	(32)	**29**	79	**377**	47

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's non-current assets*. The geographical location of customers is based on the location at which services were provided. The geographical location of non-current assets* is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of goodwill, development costs and other intangible assets, and the location of the operations, in the case of interests in an associate and joint ventures.

	Revenue from external customers		Non-current assets*	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)#	**397,008**	376,036	**34,604**	35,723
Mainland China	**—**	—	**42,790**	2,404
Others	**26,678**	30,291	**—**	—
	423,686	406,327	**77,394**	38,127

* Non-current assets exclude financial assets measured at fair value through other comprehensive income, other financial assets measured at amortised cost, other assets and deferred tax assets.

The Company is an investment holding company incorporated in Bermuda where the Group does not have any activities. The Group has the majority of its operations in Hong Kong, and therefore, Hong Kong is considered as the Group's place of domicile for the purpose of disclosures as required by HKFRS 8 "Operating Segments".

4. REVENUE/TURNOVER

Revenue, which is also the Group's turnover, represents:

	2015	2014
	HK$'000	*HK$'000*
Advertising and content fee income	**3,280**	3,985
Advisory fee income	**66,374**	57,985
Asset management and performance fee income	**26,678**	30,291
Commission and brokerage income on securities, futures and options dealing	**223,964**	234,837
Interest income from margin financing and money lending services	**66,854**	46,559
Loan arrangement fee income	**3,090**	—
Placing and underwriting fee income	**13,828**	9,879
Website management, financial information service and related service fee income	**15,138**	17,016
Wealth management service fee income	**4,480**	5,775
	423,686	406,327

5. OTHER OPERATING INCOME AND GAINS

	2015	2014
	HK$'000	*HK$'000*
Dividend income from listed investments classified under financial assets measured at fair value through other comprehensive income derecognised during the year	**—**	849
Exchange gains, net	**2,606**	2,398
Interest income from banks and other financial assets measured at amortised cost	**5,723**	3,165
Reversal of impairment of trade receivables	**—**	2,149
Sundry income	**1,818**	1,246
	10,147	9,807

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Finance charges on finance lease payables	**52**	90
Interest for margin financing and money lending services		
— Bank loans and other borrowings wholly repayable within five years	**25,079**	11,321
Interest expense on financial liabilities not at fair value through profit or loss	**25,131**	11,411

7. PROFIT BEFORE INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging:		
Auditors' remuneration	**1,509**	1,408
Amortisation of development costs and other intangible assets	**1,333**	594
Depreciation of property, plant and equipment	**5,634**	5,519
	6,967	6,113
Minimum lease payments under operating leases in respect of land and buildings	**25,650**	26,726
Net losses on disposals of property, plant and equipment	**23**	5
Impairment of trade receivables	**1,941**	1,586

8. INCOME TAX EXPENSE

For the years ended 31 March 2015 and 2014, Hong Kong Profits Tax was provided at the rate of 16.5% on the estimated assessable profits for the years.

Tax on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2015	2014
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
— Current year	**5,020**	4,258
— (Over)/Under provision in prior year	**(237)**	176
	4,783	4,434
Deferred tax	**(481)**	—
Total income tax expense	**4,302**	4,434

The Hong Kong Inland Revenue Department ("IRD") issued a notice to the Group to commence a group tax audit and in January 2013, management together with its tax advisors had a meeting with IRD to provide an overview of the Group's affairs and understand the possible scope of enquiries. On 14 March 2013, the IRD issued a specific enquiry letter to the Group pertaining to several operating entities and their scope of review which includes mainly the affairs of the fund management operation and the operations of website management and financial information service.

As the IRD's enquiries may date back to earlier tax periods, the IRD has issued some protective assessments on certain entities for the years of assessment 2005/06, 2006/07, 2007/08 and 2008/09 and the Group has lodged objections to these assessments. A hold over of the tax claimed for these assessments was agreed by the IRD and the Group purchased tax reserve certificates of HK$1,000,000 in respect of the year of assessment 2006/07 and HK$2,000,000 in respect of the year of assessment 2007/08 during the year ended 31 March 2014 and HK$250,000 in respect of the year of assessment 2008/09 subsequent to the year ended 31 March 2015.

As the IRD enquiries are still at an early and fact-finding stage, and further submission of information by the Group to the IRD is in progress, IRD has not yet expressed any formal opinion on the potential tax liability, if any. Management has also no reason to believe that the profits tax computations relating to the years of assessment 2005/06, 2006/07, 2007/08 and 2008/09 were not properly calculated and any tax liability not properly accrued and recorded. Accordingly, management concluded that no additional tax provision and/or tax charge is required for the year ended 31 March 2015.

9. DIVIDENDS

Dividends payable to owners of the Company attributable to the year:

	2015	2014
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK0.5 cent (2014: HK0.5 cent) per ordinary share	**5,972**	5,966
Proposed final dividend of HK0.5 cent (2014: HK0.5 cent) per ordinary share	**6,027**	5,966
	11,999	11,932

The final dividend proposed after the end of each reporting period has not been recognised as a liability at the end of the respective reporting period.

Dividend payable to owners of the Company attributable to the previous financial year:

	2015	2014
	HK$'000	*HK$'000*
Final dividend declared, approved and paid in respect of the year ended 31 March 2014 of HK0.5 cent per ordinary share	**5,972****	—

** During the period from 1 April 2014 to 15 August 2014 (i.e. the record date for final dividend), new shares had been issued and allotted as a result of the exercise of unlisted warrants. The actual final dividends paid in respect of the year ended 31 March 2014 was HK$5,972,000, as compared to HK$5,966,000 that was disclosed as "proposed final dividend" for the year ended 31 March 2014.

10. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2015 is based on profit attributable to owners of the Company for the year of HK$36,037,000 (2014: HK$31,602,000) and on the weighted average number of ordinary shares in issue less shares held for Share Award Scheme during the year amounting to 1,188,597,109 (2014: 1,186,151,531).

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2015 is based on profit attributable to owners of the Company for the year of HK$36,037,000 (2014: HK$31,602,000) and on the weighted average number of 1,192,274,616 (2014: 1,191,781,974) ordinary shares outstanding during the year, after adjusting for the effects of all dilutive potential shares, calculated as follows:

	Weighted average number of ordinary shares	
	2015	2014
For purpose of basic earnings per share	**1,188,597,109**	1,186,151,531
Effect of vesting of share awards	**2,040,827**	4,423,416
Effect of exercise of share options	**1,636,680**	1,207,027
Effect of exercise of Warrants	**—**	—
For the purpose of diluted earnings per share	**1,192,274,616**	1,191,781,974

The Company has outstanding share options during the years ended 31 March 2015 and 2014, which were granted on 9 June 2006, 29 February 2008 and 6 June 2008 with exercise price of HK$0.1296, HK$0.8340 and HK$0.7623 respectively. The Company also has outstanding Warrants during the year ended 31 March 2015 which was issued on 4 April 2014. The computation of diluted earnings per share does not assume an exercise of those share options granted on 29 February 2008 and 6 June 2008 for the years ended 31 March 2015 and 2014 and Warrants for the year ended 31 March 2015 because their exercise price was higher than the average market price for shares for the respective years.

11. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Securities transactions		
— Brokers and clearing house	**76,051**	25,495
— Cash clients	**14,819**	11,961
— Margin clients	**865,285**	678,234
Subscription of securities		
— Clients	**480,274**	—
Futures and options contracts		
— Brokers and clearing houses	**679,993**	447,638
Asset management, advisory and other services		
— Clients	**38,240**	25,490
	2,154,662	1,188,818
Less: Provision for impairment	**(22,758)**	(22,828)
Trade receivables, net	**2,131,904**	1,165,990

Notes:

(a) Amounts due from cash clients, brokers and clearing houses are required to be settled on the settlement dates of their respective transactions (normally one or two business days after the respective trade dates) and the amounts due from clients for subscription of securities are required to be settled upon the allotment of the securities subscribed. There are no credit terms granted to clients for its asset management, advisory and other services. The amounts due from cash clients bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread) and the amount due from clients for subscription of securities bear interest at a fixed rate of 1.7% per annum.

(b) Margin clients are required to pledge securities collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 March 2015, the market value of securities pledged by clients to the Group as collateral against margin client receivables was HK$4,790,009,000 (2014: HK$3,092,467,000). The amounts due from margin clients are repayable on demand and bear interest at commercial rates (normally at Hong Kong Dollar Prime Rate plus a spread).

(c) Included in amounts due from futures brokers was HK$3,907,000 (2014: HK$11,775,000) due from MF Global Hong Kong Limited ("MF Global HK"), which was a broker utilised by the Group for dealing in futures contracts. In October 2011, MF Global HK was placed in provisional liquidation. Based on the current information issued by the liquidators, a provision for impairment of HK$2,201,000 (2014: HK$2,201,000) has been recognised.

(d) The ageing analysis of the trade receivables based on due date and net of provision is as follows:

	2015	2014
	HK$'000	*HK$'000*
Repayable on demand	**851,552**	664,574
0–30 days	**1,258,524**	483,211
31–60 days	**3,261**	1,068
61–90 days	**2,198**	6,028
91–180 days	**13,492**	1,484
181–360 days	**711**	6
Over 360 days	**2,166**	9,619
	2,131,904	1,165,990

12. TRADE PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Securities transactions		
— Brokers and clearing house	**5,298**	34,847
— Cash clients	**715,932**	632,438
— Margin clients	**133,206**	144,713
Futures and options contracts		
— Clients	**1,028,269**	876,620
Financial information and other services		
— Clients	**1,650**	1,427
	1,884,355	1,690,045

Notes:

(a) Accounts payable to cash clients, brokers and clearing house attributable to dealings in securities transactions are repayable on demand up to the settlement dates of their respective transactions (normally one or two business days after the respective trade dates). Accounts payable to margin clients are repayable on demand.

(b) Accounts payable to clients attributable to dealings in futures and options contracts includes margin deposits received from clients for their trading of futures and options contracts and clients' undrawn monies/excess deposits placed with the Group. Only the excess over the required margin deposits are repayable on demand.

(c) No ageing analysis in respect of trade payables attributable to dealings in securities transactions and futures and options contracts is disclosed as, in the opinion of the directors, the ageing analysis does not give additional value in view of the business nature. The ageing analysis of the Group's trade payables attributable to other services is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 180 days	**1,593**	1,370
Over 180 days	**57**	57
	1,650	1,427

FINAL DIVIDEND

The Board proposes to recommend, at the forthcoming annual general meeting of the Company to be held on Friday, 7 August 2015 (the "2015 AGM"), a final dividend of HK0.5 cent per ordinary share (2014: HK0.5 cent) for the year ended 31 March 2015.

It is expected that the proposed final dividend, if approved by the shareholders of the Company at the 2015 AGM, will be payable to those entitled on or about Monday, 7 September 2015.

The register of members of the Company will be closed during the following periods, within which no transfers of shares will be effected:

(i) from Wednesday, 5 August 2015 to Friday, 7 August 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2015 AGM. In order to be entitled to attend and vote at the 2015 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 4 August 2015; and

(ii) from Thursday, 13 August 2015 to Monday, 17 August 2015, both days inclusive, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch registrar and transfer office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 12 August 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 March 2015 (the "Year"), the Group reports an after tax profit of HK$36,037,000 (2014: HK$31,602,000) and recommends a final dividend of HK0.5 cent per share. Group revenue increased to HK$423,686,000 (2014: HK$406,327,000).

Until the latter part of our financial year, the financial climate was affected by macro–economic concerns including slower growth in China, expectations of monetary tightening campaign in the United States and negative market sentiment following three months of "Occupy Central" campaign. As a result, investor sentiment was hurt, translating to lower volumes on the local market. However, in the final quarter of the Year we were able to capture some lost ground in business momentum, as we completed an ad-hoc financing arrangement for a client in respect of a general offer exercise, the completion of several IPOs, performance fees garnered from funds under management, and the impact of the Shanghai-Hong Kong Stock Connect scheme. Thus we were able to deliver better results despite higher costs, including the finance costs associated with our HK$100,229,000 notes and detachable warrants issued in April 2014.

We were able to increase our average securities margin loan book by 18.3% to HK$743,000,000 during the Year generating interest income of HK$54,611,000. In terms of developments, we were extremely busy with the deployment of the Shanghai-Hong Kong Stock Connect scheme that started in November 2014, the extension of trading hours on the Hong Kong Futures Exchange Limited and other new products launched. However, the recent success of our wealth management team was dampened by the newly implemented Hong Kong Government policy that lead to the suspension of the Capital Investment Entrant Scheme, where we had achieved reasonable progress.

The equity capital market (ECM) team closed several transactions by acting either as book runner or manager and placing agents for IPOs and placement mandates. The team is working and collaborating well with all our supporting units helping the Group to generate more mandates.

The corporate finance division continued with the completion of a few IPO sponsorship mandates and a good number of financial advisory mandates either as IFA or listed financial advisory. The M&A team also made contributions with the closing of several transactions during the Year.

In the asset management division, money came in from new channels developed in the latter part of last year, which gave a further boost to the assets under management ("AUM") in our Quam China Focus Fund. Funds performance turned out to be satisfactory despite a challenging year. However, in light of the recent economic developments laid down by the PRC Central Government, the investment team is confident that their strategy adopted for the China fund can achieve more upside in the year ahead. In order to address the regulatory problems in Europe, we worked on establishing a European fund structure under a UCITS (Undertakings for the collective investment in transferable securities) umbrella. We will launch our first UCITS fund on the China Focus Fund strategy, but will expand further with new strategies/themes.

Quamnet performed better with the further restructuring of its operations. The company is now focusing on subscriptions, events and media, and online investor relations services. Focus is to keep costs low but visibility high.

Review of Operations

Securities, futures and bonds dealing

Securities and futures dealing commissions for the Year amounted to HK$223,964,000 (2014: HK$234,837,000), a decrease of 4.6% over the same period last year. Although both securities and futures experienced a reduction in business trading volume during the Year, we were able to capture better margins from a growing core of high net worth and institutional customers through better service. The average securities margin loan book continued to grow, at 18% year on year, with average margin loan book of HK$743,000,000 as compared to HK$628,000,000 last year. This contributed to an increase in overall interest revenue.

We continue to face challenges associated with ever changing products and service platform that are implemented by both local and overseas exchanges. This includes the Shanghai-Hong Kong Stock Connect, after hours trading deployed during the Year, and the next steps forward, such as the proposed Shenzhen-Hong Kong Stock Connect, the Bond Connect and Fund Connect. We expect a very busy year ahead of us. In addition, we face more changes in the regulatory environment both locally and overseas. The management time and costs spent on all these issues continues to increase substantially over the years.

In respect of our IT platform and connectivity, initiatives to set up co-location at HKEx datacenter will add opportunities going forward. We expect the initial transitional outlay will be recovered in the short term. This deployment is planned in the new financial year with completion expected by July 2015.

ECM business activity including placement and underwriting fee income and a facilitation fee from financing a general offer takeover exercise for the Year was HK$16,918,000 (2014: HK$9,879,000).

Corporate financial advisory services

The revenue of corporate finance and advisory services amounted to HK$66,374,000 (2014: HK$57,985,000) up by 14.5%. In the Year, a total of 47 (2014: 48) transactions were completed, 2 (2014: 4) were IPOs and 45 (2014: 44) were corporate advisory and M&A mandates.

Asset Management

Revenue from management and performance fees for the Year amounted to HK$26,678,000 (2014: HK$30,291,000), a drop as compared to last year. Nevertheless, total AUM, comprising of managed funds and discretionary accounts, increased and now stands at over US$129,300,000 (2014: US$105,000,000) as at 31 March 2015, as a result of new subscriptions and organic growth.

Quamnet

Quamnet's revenue for the Year was HK$18,418,000 (2014: HK$21,001,000), a decrease of 12.3% compared to last year.

We undertook some changes in the subscription service products during the year which invariably affected revenue. The aim of the changes was to improve net contribution margins. Revenue from our subscription services was HK$13,893,000 (2014: HK$15,218,000). Advertising, banner and events revenue was HK$2,883,000 (2014: HK$3,442,000). Investor relations services revenue was HK$1,642,000 (2014: HK$2,341,000).

Financial Reviews

Capital Structure, Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow as well through the use of substantial banking facilities and loans from independent third parties. We continue to monitor stringently the asset quality of our loan portfolios. As at 31 March 2015, the Group had available aggregate banking facilities of approximately HK$984,400,000 (2014: HK$739,400,000), mostly secured by legal charges on certain securities owned by the Group's margin and money lending clients. As at 31 March 2015, approximately HK$541,127,000 (2014: HK$370,336,000) of these banking and short-term loan facilities were utilized. In addition, the Group had loans from banks for a specific IPO amounting to HK$480,200,000 which were subsequently fully repaid by 9 April 2015.

In April 2014, the Company completed the issuance of a 6.5% coupon notes due 2017 with an aggregate principal amount of HK$100,229,000 and 190,912,000 unlisted warrants. At Year end, the Company had made four subordinated loans for a total of HK$110,000,000 to Quam Securities Company Limited, a wholly-owned subsidiary of the Company, to meet regulatory capital requirement. These actions are in line with the designated use of the fund as mentioned in the Company's prospectus dated 14 March 2014. In December 2014, the Company issued a short term 120-day note amounting to HK$160,000,000 which was used as a general offer facility for the use by a client of Quam Securities Company Limited. The short term note was fully repaid by 30 March 2015 upon completion of the general offer.

During the Year, a total of 12,137,200 new shares have been issued and allotted as a result of the exercise of 12,137,200 unlisted warrants generating a gross cash proceed of approximately HK$6,069,000 for the Company, which was used as general working capital for the Group. As at 31 March 2015, the total number of unlisted warrants outstanding was 178,774,800 warrants.

The Group's cash and short term deposits as at 31 March 2015 stood at approximately HK$67,102,000 (2014: HK$162,880,000).

We completed a top up share placing in mid-April 2015 raising approximately HK$112,500,000 before expenses, which will help facilitate the growing capital intensive securities and futures operation.

Gearing Ratio

The Group's gearing ratio was 269% as at 31 March 2015 (2014: 101%), being calculated as borrowings and financial lease payable over net assets. The increased borrowings are attributable mainly to the expansion of securities margin lending business and the IPO loan that was outstanding at the balance sheet date. The management has applied prudent risk and credit management on the increased lending to clients and borrowings from banks. In addition, the Group is required to strictly follow regulatory re-pledging ratios and prudent bank borrowing benchmarks.

Employees and Remuneration Policies

As of 31 March 2015, the Group had 173 full time employees and 1 part time employee in Hong Kong (2014: 169 full time employees and 2 part time employees in Hong Kong), together with 52 full time employees based in the Mainland China (2014: 57 full time employees based in the Mainland China). In addition, the Group has 178 commission sales representatives (2014: 210). The total headcount in the Group as at 31 March 2015 is 404 (2014: 438).

Competitive total remuneration packages are offered to employees by reference to prevailing market practices and standards and individual merit. Salaries are reviewed annually and bonuses are paid with reference to individual performance appraisals, prevailing market conditions and the Group's financial performance. Other benefits offered by the Group include a mandatory provident fund scheme and medical and health insurance. In addition, the Group has maintained a share option scheme and a restricted share award scheme.

Risk Management

The Group adopts stringent risk management policies and monitoring systems to contain exposure associated with credit, liquidity, market and IT systems in all its major operations.

Credit Risk

The Group's Credit Committee within the securities and futures operation meets regularly to review credit limits for clients and identify and assess risks associated with financial products. The Credit Committee, which is appointed by the Executive Committee of the Company and ultimately reporting to the Board, is responsible for the approval of individual stocks acceptable for margin lending. The stock list is revised as and when deemed necessary by the Committee. The Committee will prescribe from time to time lending limits on individual stocks and/or for each individual client, taking into account loan and stock concentration exposures.

The credit control department is responsible for monitoring and making margin calls to clients when limits have been exceeded and when concentration risks for particular counters have been reached and posed a strategic risk. Failure to meet margin calls can result in liquidation of the customer's positions. The credit control department runs stress tests on loan portfolios to determine the impact on the firm's financial position and exposure.

Liquidity Risk

The Group's operating units are subject to various liquidity requirements as prescribed by the authorities and financial market regulators. The Group has put in place monitoring systems to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the relevant rules including Financial Resources Rules.

As a further safeguard, the Group has maintained banking facilities to meet contingencies in its operations. The Company will consider the need to raise funding in order to meet the business operations growth which require intensive capital buffer. In periods of high market volatility, the management believes the Group's working capital is adequate to meet its financial obligations.

Market Risk

The Group offers margin trading in securities and futures and options products. Clients are required to maintain a margin in order to hold positions and meet margin calls when there are changes in value of the underlying interest. The margins to be maintained for futures and options products are based on requirements set by the exchanges and counter party brokers. The margin ratios for securities margin loans are based on a combination of factors including indicative acceptable lending rates from our bankers, the quality of the company represented by the securities, the liquidity of the securities, and the concentration level of securities held. All margin ratios are reviewed and assessed by the Credit Committee. In situations where there may be sudden volatile market movement (e.g. market gap opening) affecting client's positions, the liquidation of these positions can be compromised due to market liquidity and therefore, expose the Group to credit and delivery risk.

The Group's exposure to underwriting commitments is subject to market volatility and sentiment. In that respect, the Group follows strict limits as to the maximum exposure to any underwriting commitment. The Board has established prudent guidelines in respect to net exposure commitment per issue and aggregate exposure commitment at any one time as measured against the net asset value of the Group.

Prospects

As a result of macro economic policies stemming from PRC Central Government initiatives, we are currently experiencing a significant surge of trading volume in our securities and futures business as well as share margin financing in the new financial year. This has also a positive impact on our corporate finance divisions with respect to its processing of IPO candidates for listing as well as mandates from issuers seeking fund raising and restructuring activities.

Our asset management division continues to focus on its core fund, and looks to complete its European UCITS fund structure in the first half of the new year thereby facilitating our marketing strategy in Europe eager to access our China fund strategy. From thereon, we shall consider other fund themes to launch under the UCITS structure.

As the capital market activity increases during the new year, we may look for additional opportunities for fund raising to meet this business growth.

On 27 April 2015, the Company and CMBC International Holdings Limited entered into a memorandum of understanding ("MOU") regarding possible subscription and possible mandatory offers which reflects that the parties will further negotiate in good faith with a view to entering into a subscription agreement based on certain non-legally binding terms as set out in the MOU. Further details of the possible subscription and possible mandatory offers are set out in the Company's announcement dated 28 April 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the principles and complied with the code provisions set out in Appendix 14 of the Listing Rules, titled "Corporate Governance Code and Corporate Governance Report" (the "CG Code"), throughout the Year and subsequent period up to the date of this announcement, save for the deviations from code provision A.5.1 which is explained as follow:

The Company does not establish a Nomination Committee. This constitutes a deviation from code provision A.5.1 of the CG Code which stipulate that a Nomination Committee should be established. In view of the existing size of the board and business operation of the Group, it is considered more beneficial and effective to have the relevant function performed by the Board as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix 10 of the Listing Rules. The code of conduct is also updated from time to time in order to keep abreast with the latest changes in the Listing Rules. It has also been extended to specific employees of the Company who are likely to be in possession of unpublished price sensitive information in respect of their dealings in the securities of the Company.

In response to specific enquiry, all of the Directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Year.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company comprises three independent non-executive Directors. The Audit Committee has met with BDO Limited, the external auditor of the Group, to review the accounting policies and practices adopted by the Group, and review the audited consolidated financial results of the Company for the year ended 31 March 2015.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement of the Group for the year ended 31 March 2015 is published on the websites of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.quamlimited.com respectively. The 2015 Annual Report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

On behalf of the Board
Quam Limited
Bernard POULIOT
Chairman and Executive Director

Hong Kong, 18 June 2015

As at the date of this announcement, the board of directors of Quam Limited comprises three executive directors, namely Mr. Bernard POULIOT, Mr. Kenneth LAM Kin Hing and Mr. Richard David WINTER; and three independent non-executive directors, namely Mr. Kenneth YOUNG Chun Man, Mr. Robert CHAN Tze Leung and Mr. Robert Stephen TAIT.